GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:142
ANSWERED ON:08.03.2007
SETTING UP OF REFINERIES
Bishnoi Shri Jaswant Singh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has received proposals from various States, especially from Rajasthan for setting up of refineries in their States;

(b) if so, the details thereof indicating the date of receipt of the proposals alongwith the action taken thereon; and

(c) the present status of oil and gas exploration in Rajasthan?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. 142 BY SHRI JASWANT SINGH BISHNOI TO BE ANSWERED ON 8.3.2007 REGARDING SETTING UP OF REFINERIES

(a) & (b) : Yes, Sir. Government has been receiving requests from various State Governments from time to time for setting up/expanding refineries in the respective states. As far as Rajasthan is concerned, Government has received request from the Chief Minister of Rajasthan, the latest dated 15th January, 2007, to take steps to set up a refinery in Rajasthan.

Consequent on de-licensing of refinery sector since June, 1998, a refinery may be set up anywhere in India by a Private or Public Sector Enterprise depending on the promoter`s assessment of its viability. Therefore, it is not the Government, but the Private/Public Sector Enterprise, which has to decide on setting up a refinery based on commercial considerations.

The proposal for setting up a refinery at Barmer in Rajasthan is under the consideration of Oil & Natural Gas Corporation Limited (ONGC). ONGC has carried out the following studies in this regard:

(i) Technical Feasibility Study by Engineers India Limited (EIL)

(ii) Market Study by M/s Nexant

(iii) Financial Appraisal by M/s SBI Caps

(iv) ROU Survey by M/s SECON

Further considering that Rajasthan crude is heavy and viscous which needs to be heated for transportation, short duration of peak production necessitating import of crude, limited market potential in Rajasthan necessitating export of products and other factors, ONGC has approached the Government of Rajasthan for incentives/concessions to make the refinery project financially viable. Further discussions are in progress.

(c) In Rajasthan, ONGC, Oil India Limited (OIL) and Private/Joint Venture Companies are operating in 15 exploration blocks awarded under new Exploration Licensing Policy (NELP), pre-NELP and on nomination basis. Out of this, 5 Blocks have been recently allotted under sixth round of NELP and production sharing contracts have been signed on 2nd March, 2007. The total area under exploration is about 38,400 Sq.Km.. So far, 4.85 Billion Cubic Metres (BCM) of gas reserves and 67.7 Million Metric Tonnes (MMT) of crude oil reserves have been added. The present production of ONGC and OIL from Rajasthan is 7.5 lakh Cubic Metres of natural gas per day. Crude oil production from Rajasthan is likely to commence in 2008-09.